

transactions to 200 contracts, which, the Exchange represents, would still result in an average minimum transaction value of approximately \$10 million.

This, in the Exchange's opinion, would be consistent with Flexible Exchange Options ("FLEX Options") traded on the Chicago Board Options Exchange and

the American Stock Exchange which also have a \$10 million minimum opening transaction requirement.³

Underlying currency	Rate ⁴	Contract size	Value of 300 contracts	Value of 200 contracts
Australian dollar	0.776300	50,000	\$11,644,500	\$7,763,000
Canadian dollar	0.721400	50,000	10,821,000	7,214,000
Swiss franc	0.752600	62,500	14,111,250	9,407,500
German mark	0.636900	62,500	11,941,875	7,961,250
French franc	0.184800	250,000	13,860,000	9,240,000
British pound	1.561500	31,500	14,639,063	9,759,375
Japanese yen	0.009965	6,250,000	18,684,375	12,456,250
ECU	1.212700	62,500	22,738,125	15,158,750
Averages	14,805,023	9,870,016

⁴ As of December 15, 1994, assuming that the U.S. dollar is the base currency.

The Exchange believes that the foregoing rule change proposal is consistent with Section 6 of the Act, in general, and with Section 6(b)(5), in particular, in that it is designed to promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in regulating, clearing, settling, and processing information, and facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest by opening up the Customized FCC market to smaller corporate FCC users while keeping the market geared primarily towards institutional investors.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Phlx does not believe that the proposed rule change will impose any inappropriate burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or

(ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. Copies of such filing with also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-95-03 and should be submitted by February 21, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-2139 Filed 1-27-95; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-20850; File No. 812-9310]

C.M. Life Insurance Company, et al.

January 23, 1995.

AGENCY: Securities and Exchange Commission ("SEC" or the "Commission").

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: C.M. Life Insurance Company ("C.M. Life"), C.M. Multi-Account A (the "Account"), certain separate accounts that may be established by C.M. Life in the future to support certain variable annuity contracts issued by C.M. Life (the "Other Accounts", collectively, with the Account, the "Accounts") and SEI Financial Services Company ("SEI").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act for exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.

SUMMARY OF APPLICATION: Applicants seek an order permitting C.M. Life to deduct from the assets of the Accounts the mortality and expense risk charge imposed under certain variable annuity contracts issued by C.M. Life (the "Existing Contracts") and under any other variable annuity contracts issued by C.M. Life which are materially similar to the Existing Contracts and are offered through any Account on a basis that is similar in all material respects to the basis on which the Existing Contracts are offered (the "Other

³ See CBOE Rule 24A.4(e)(ii) and Amex Rule 903G(d)(ii).

⁵ 17 CFR 200.30-3(a)(12) (1994).

Contracts", together, with the Existing Contracts, the "Contracts").¹

FILING DATE: The application was filed on October 28, 1994. Applicants represent that an amendment to the application will be filed during the notice period.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing on this application by writing to the Secretary of the SEC and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on February 16, 1995 and should be accompanied by proof of service on applicants in the form of an affidavit or, for lawyers, by certificate of service. Hearing requests should state the nature of the interest, the reason for the request and the issues contested. Persons may request notification of the date of a hearing by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: Michael A. Chong, Counsel, C.M. Life Insurance Company, 140 Garden Street, Hartford, Connecticut 06154.

FOR FURTHER INFORMATION CONTACT: Barbara J. Whisler, Senior Attorney at (202) 942-0670, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: Following is a summary of the application, the complete application is available for a fee from the Public Reference Branch of the SEC.

Applicants' Representations

1. C.M. Life, a stock life insurance company chartered under Connecticut law, is a wholly owned subsidiary of Connecticut Mutual Life Insurance Company. The Account, established August 3, 1994 under Connecticut law, is registered with the Commission as a unit investment trust. The Account will fund the Existing Contracts issued by C.M. Life. Applicants incorporate the registration statement on Form N-4 for the Existing Contracts (File No. 33-82752) into the application by reference.

2. SEI, a wholly owned subsidiary of SEI Corporation, is a broker dealer registered under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. SEI will serve as the distributor of the Contracts. SEI is an

affiliate of SEI Financial Management Company, the investment advisor for the Insurance Investment Products Trust (the "Trust"). The Trust is registered with the Commission as an open-end management investment company. Each subaccount of the Account will invest in a corresponding portfolio of the Trust.

3. The Existing Contracts are individual variable annuity deferred contracts. The Existing Contracts will be made available in connection with retirement plans which may qualify for favorite tax treatment under the Internal Revenue Code. The minimum initial premium is \$10,000 and the minimum for subsequent premiums is \$250. If the owner of the Contract has elected the automatic premium option, a minimum payment of \$100 will be accepted.

4. Applicants state that C.M. Life intends to advance premium taxes that may be due upon the payment of premiums. C.M. Life would then deduct these taxes from the value of the Contract upon annuitization or withdrawal. The application states that C.M. Life may, however, deduct any premium tax related to the Contracts when the tax is incurred. The application states that premium taxes generally range from 0% to 4%.

5. The Existing Contracts provide for certain guaranteed death benefits during the accumulation phase. C.M. Life presented permits unlimited transfers during the accumulation phase and six transfers during annuitization. The owner of an Existing Contract may transfer all or part of the interest in a subaccount to another subaccount; or, during annuitization, from a subaccount to the general account of C.M. Life. These transfers are permitted without charge so long as the designated number of transfers has not been exceeded. If transfers are made in excess of the free number of transfers, C.M. Life will deduct a transfer fee from the amount transferred equal to the lesser of \$20 or 2% of the amount transferred.

6. C.M. Life imposes an annual Contract fee of \$30 on Contracts having a Contract value of less than \$100,000. Applicants state that the annual Contract fee may be increased but represent that this fee will never exceed \$60 per Contract year. The application states that the fee, together with the annual administrative charge, will reimburse C.M. Life for expenses incurred in establishing and maintaining the Contracts and the Account. During annuitization, the annual Contract fee will be deducted pro rata from annuity payments regardless of Contract value and will, therefore, reduce each annuity payment. Applicants represent that the annual

Contract fee, together with the administrative charge, will not result in a profit to C.M. Life.

7. C.M. Life deducts an annual administrative charge equal to .15% of the average daily net asset value of the Account. Applicants represent that C.M. Life does not intend to profit from this charge and that C.M. Life will monitor the charge to ensure that it does not exceed expenses. Applicants state that they will rely upon Rule 26a-1 under the 1940 Act in deducting both the annual Contract fee and the annual administrative charge.

8. The application states that no front-end sales charge is deducted from premiums, nor is a contingent deferred sales charge deducted upon surrender. For certain of the Other Contracts, however, applicants state that there may be a contingent deferred sales charge (the "Sales Charge") of up to 7% imposed upon surrender or withdrawal within the first seven years of the Contract. The Sales Charge is a percentage of the amount of each purchase payment that is withdrawn. The percentage declines depending upon how many years have passed since the withdrawn purchase payment was originally made by the Contract owner.

9. C.M. Life will impose a daily charge equal to an annual effective rate of .53% of the value of the net assets of the Account to compensate C.M. Life for assuming certain mortality and expense risks in connection with the Contracts. Applicants state that approximately .40% of the .53% charge is attributable to mortality risk while approximately .13% is attributable to expense risk. The application states that C.M. Life reserves the right to increase the charge to a maximum of 1.25%. If the mortality and expense risk charge is insufficient to cover actual costs of the risks undertaken, C.M. Life will bear the loss. Conversely, if the charge exceeds costs, this excess will be profit to C.M. Life and will be available for any corporate purpose, including payment of expenses relating to the distribution of the Contracts. The application states that C.M. Life expects a profit from the mortality and expense risk charge.

10. Applicants state that the mortality risk borne by C.M. Life consists of: (a) The risk of guaranteeing to make monthly annuity payments in accordance with the annuity option selected by the Contract owner regardless of how long the annuitant may live; (b) the risk of guaranteeing the annuity purchase rates, for either a fixed or a variable annuity, for the annuity options under the Contracts; and (c) the risk of guaranteeing a death benefit.

¹ Applicants represent that the application will be amended during the notice period to reflect this description of the Other Contracts.

11. Applicants state that C.M. Life assumes an expense risk under the Contracts. According to Applicants, this is the risk that the charges for administrative services under the Contracts will be insufficient to cover actual administrative expenses.

Applicants' Legal Analysis and Conditions

1. Applicants request that the Commission, pursuant to Section 6(c) of the 1940 Act, grant the exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act in connection with Applicants' assessment of the daily for the mortality and expense risks under the Contracts. Applicants state that the requested extension of relief to the Other Accounts and the Other Contracts is appropriate in the public interest. Applicants opine that the relief would promote competitiveness in the variable annuity market by eliminating the need to file redundant exemptive applications and would, therefore, reduce administrative expenses and maximize efficient use of resources. Applicants assert that the delay and expense involved in having to repeatedly seek exemptive relief would impair the ability of C.M. Life to take advantage effectively of business opportunities as those opportunities arise. Applicants posit that the requested relief is consistent with the purposes of the 1940 Act and the protection of investors for the same reasons. Applicants finally state that were C.M. Life required to seek repeated exemptive relief with respect to the issues addressed in the application, no additional benefit or protection would be provided to investors through the redundant filings.

2. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in pertinent part, prohibit a registered unit investment trust and any depositor thereof or underwriter therefor from selling periodic payment plan certificates unless the proceeds of all payments (other than sales load) are deposited with a qualified bank as trustee or custodian and held under arrangements which prohibit any payment to the depositor or principal underwriter except a fee, not exceeding such reasonable amount as the Commission may prescribe, for performing bookkeeping and other administrative services of a character normally performed by the bank itself.

3. Applicants assert that the charge for mortality and expense risks is reasonable compensation for the risks assumed.

4. Applicants represent that the proposed charge of .53% and the maximum charge of 1.25% for the

mortality and expense risks assumed by C.M. Life is within the range of industry practice with respect to comparable annuity products. Applicants state that this representation is based upon C.M. Life's analysis of publicly available information regarding mortality risks, taking into consideration such factors as: The guaranteed annuity purchase rates; the expense risks, the estimated costs for product features; and the industry practice with respect to comparable contracts. Applicants represent that C.M. Life will maintain at its principal office, available to the Commission, a memorandum setting forth in detail the products analyzed and the methodology and results of the analysis by C.M. Life.

5. Applicants acknowledge that the Sales Charge may be insufficient to cover all costs relating to the distribution of the Contracts. To the extent distribution costs are not covered by the Sales Charge, C.M. Life will recover its distribution costs from the assets of the general account. These assets may include that portion of the mortality and expense risk charge which is profit to C.M. Life. Applicants represent that C.M. Life has concluded that there is a reasonable likelihood that the proposed distribution financing arrangement will benefit the Account and the owners of the Contracts. The basis for this conclusion is set forth in a memorandum which will be maintained by C.M. Life at its principal office and will be made available to the Commission.

6. C.M. Life also represents that the Accounts will invest only in management investment companies which undertake, in the event such company adopts a plan under Rule 12b-1 of the 1940 Act to finance distribution expenses, to have such plan formulated and approved by either the company's board of directors or the board of trustees, as applicable, a majority of whom are not interested persons of such company within the meaning of the 1940 Act.²

Conclusion

Applicants assert that for the reasons and upon the facts set forth above, the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

² Applicants represent that the application will be amended during the notice period to include this representation for all of the Accounts.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-2137 Filed 1-27-95; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 20849; File No. 811-5806]

The Global Settlement Fund, Inc.; Application for Deregistration

January 23, 1995.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: The Global Settlement Fund, Inc.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant seeks an order declaring that it has ceased to be an investment company.

FILING DATES: The application on Form N-8F was filed on January 4, 1995, and amended on January 20, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on February 21, 1995, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicant, 61 Broadway, New York, New York 10006.

FOR FURTHER INFORMATION CONTACT: James J. Dwyer, Staff Attorney, at (202) 942-0581, or C. David Messman, Branch Chief, at (202) 942-0564 (Office of Investment Company Regulations, Division of Investment Management).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is a Maryland corporation and a diversified open-end